

## AGRICULTURE AND FOREST SECRETARIAT

Provision of credit for Agricultural Production Plans at the Village level  
on Co-operative Policy.

READ—

1. Letter No. F.1-12/59-Co-op. I, dated 11th May 1959, received from the Additional Secretary to the Government of India in the Ministry of Community Development and Co-operation (Department of Co-operation), New Delhi, laying down the New Co-operative Policy to be adopted in the country.

2. Letter No. F.1-13/59-Co-op. I, dated 16th May 1959, from the Additional Secretary to the Government of India in the Ministry of Community Development and Co-operation (Department of Co-operation), New Delhi, regarding the provision of credit for Agricultural Production Plans at the Village level.

ORDER No. A & F 106 CCS 59, DATED BANGALORE,  
THE 8TH JUNE 1959.

The Government of India in the Ministry of Community Development and Co-operation and the Planning Commission have been engaged in considering the arrangements which should be made for ensuring adequate finance for village agricultural production plans. It is felt that where there are programmes for intensive agricultural production, there should also be adequate arrangements for ensuring that the requisite funds made are available. The problem of providing credit for village agricultural production plans is complex. The real problem is in respect of giving larger loans to primary village societies. Most of the primary societies have limited funds for lending to members and are not in a position to advance credit to all the members to the full extent required by them. It is in this connection that special steps will have to be taken if adequate finance required for village production plans is to be made available. The most effective way of increasing the borrowing capacity of the members is to link up credit with intensive production plans in which every family participates and also with the marketing of agricultural production. If this is effectively done it will ensure not only prompt repayment of loans but also considerable increase in the share capitals and reserves of the societies. It will also attract local deposits and increase the membership. As it will take sometime before internal resources of the required order are built up some interim arrangements for additional finance have to be made for cultivators in order to increase agricultural production.

The National Development Council has decided in favour of the establishment of a co-operative for every village or group of villages in the country having roughly about 1,000 population. The society is expected to provide credit as also the various services required to help agricultural production. The object of the policy is:

- (i) to link credit with production;
- (ii) to bring every producer in the village within the ambit of a co-operative;
- (iii) to carry on all operations in villages through village co-operatives, so that the middlemen are eliminated and their profits are secured to the producers themselves.

The village co-operatives may have to concentrate first at least to agriculturists—owner or tenant—cultivators. It is suggested that a village co-operative, where established, should aim:

- (i) to give every agriculturist—tenant or owner—credit for credit-worthy purposes and not only up to the limit of the individual's credit-worthiness. Cost of cultivation for different types of cultivation is fairly well established, as also the time-table of expenditure. The credit required, therefore, would be well defined, having regard to the land the agriculturist is going to cultivate.
- (ii) the loan should be given not in one instalment but from time to time as agricultural operations progress. All credit required for the purchase of equipment or goods should be given by the co-operative in kind as far as possible.

(iii) the debtor should be under an obligation to repay the debt taken and interest, only in foodgrains and not in cash.

It is suggested that the supplementary resources required by village co-operatives should be made available through village agencies and only to members of co-operative societies. It is also pointed out that such supplemental finance should reach the primary society at the same rate of interest as at present and consequently the Central Co-operative Bank should receive the necessary funds at the same rate of interest as is being charged to it by the Apex Bank in respect of the loans received from the Reserve Bank of India. It is very necessary to see that every agriculturist should be a member of the village co-operative. The scheme should be implemented in close co-operation of the non-official leaders and agencies. The village level workers in charge of village and the Block Extension Officers for Co-operative and Agriculture should pay special attention to the drawing up of agricultural production plans and assist in every way in its implementation. It is also very necessary that these societies should be affiliated to the local primary marketing societies. The line of supplemental credit is mainly intended for seed, fertilizers and current expenses of cultivation and may be to some extent include such medium term loans as are at present given by the co-operative societies. It is estimated that for the villages selected for the above programme approximately Rs. 4 lakhs may have to be provided for each Block. For the purpose of pilot projects, the Central Government will make necessary funds available to the State Government who in their turn will advance funds to the Apex Co-operative Bank. The Apex Bank will make these funds available to the Central Co-operative Banks of Districts in which the pilot projects are located. The loan should be made available by the State Government to the Apex Bank at the same rate at which the latter is able to borrow from the Reserve Bank.

The Government of India have suggested the scheme being worked as a Pilot Project in a few selected areas in the first instance. While accepting the general principles contained in the new policy enunciated by Government of India, Government are pleased to direct that the provision of credit for agricultural production plans at the village level as set out in the communications of the Government of India read above, be implemented in the State and for this purpose, the following Blocks are selected:

1 Bangalore District	Bangalore North
2 Mysore	Heggadadevanakote
3 Shimoga	Shikaripur
4 Coorg	Pennampet
5 South Kanara	Maddur
6 Dharwar	Kalghatgi
7 Belgaum	Gokak
8 Raichur	Sindhavar
9 Chickmagalur	Tarikere
10 Chitradurga	Holalkere

Twenty villages in each of these Blocks may be selected for the intensive work, and the work undertaken in close co-operation with non-official leaders and agencies. Such villages should be taken up as have reasonably good co-operative societies and have been in existence for sometime. It would further be necessary that these societies should be affiliated to the local marketing society.

It is also directed that

- (i) a membership drive to bring into the co-operative fold the head of every cultivating family—whether as tenant or as owner should be taken up immediately;

- (ii) an agricultural production programme for every cultivator by the co-operative society in consultation with the cultivator himself and the agricultural and co-operative extension officers should be prepared;

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(iii) adequate supply of credit should be arranged to implement the programme framed above irrespective of whether the cultivator can get such credit under the normal rules so long as the society is satisfied of the individual's capacity to repay the loan on the due date;

(iv) supervision by the society of the utilisation of the credit provided towards the production plan so framed including supply of credit in kind;

(v) all loan advances should be recovered in kind.

The Registrar of Co-operative Societies is requested to make arrangements for obtaining adequate credit in consultation with the Reserve Bank of India and also indicate the supplemental credit that would have to be asked for from the Government of India to implement the new scheme.

The Registrar of Co-operative Societies and the Director of Agriculture will issue such supplemental instructions as may be necessary to ensure that the scheme is implemented effectively during the ensuing cultivation season. The area selected should get adequate supplies of scarce materials like steel, fertilizers, etc., in preference to other areas.

The concerned Block Development Officers are directed to take further action immediately in respect of the villages to be selected in accordance with the principles laid down above, undertake a drive for increasing membership, prepare agricultural production programmes and to ensure that adequate credit is supplied in time, utilized properly and recovered promptly.

This is an important scheme of vital importance and Government desire that the concerned Divisional and Deputy Commissioners, the Registrar of Co-operative Societies and the Director of Agriculture should pay their personal attention to the satisfactory implementation of the scheme.

By Order and in the name of the Governor of Mysore,

T. SIDDALINGADEVARU,  
*Under Secretary to Government,  
Agriculture and Forest Department.*

CHIEF SECRETARIAT

Hindi Examinations prescribed for Government Servants are considered as equivalent to Madhyama Examination of Dakshina Bharath Hindi Prachara Sabha.

READ—

1. Government Order No. GAD 3 RDE 57, dated 21st July 1958.
2. Letter No. 157, dated 14th July 1959, from the Secretary, Mysore Local Service Examinations Board, Bangalore.

ORDER No. GAD 4 RDE 58, DATED BANGALORE, THE 10TH JUNE 1959  
(JYEISHTA 20, SAKA ERA 1881).

Government Order No. GAD 3 RDE 57, dated 21st July 1958 sanctions the conduct of a Hindi Examination for Government servants, all Government servants who have passed the Madhyama Examination of Dakshina Bharath Hindi Prachar Sabha or other equivalent examinations being exempt from passing the Hindi Examination. The officers who have passed the following Examinations which are